

American Rescue Plan (ARP) Summary

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The [American Rescue Plan \(ARP\)](#) was passed by Congress in March 2021. The bill provided additional stimulus aid for families, states, local areas, and Tribal nations. ARP provisions that support a whole-family approach to an equitable economic recovery and mobility for children and families are below. To read more about the ARP and its impact on reducing child poverty from an agency-wide perspective, please visit ACF's [American Rescue Plan webpage](#).

Child Care

The ARP provides approximately \$39 billion for child care, divided between Child Care Stabilization Grants and the Child Care Development Block Grant programs. Another \$1 billion in Head Start/Early Head Start funding will be awarded to grantees based on the number of children enrolled. In addition, \$150 million is newly available in the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) programs. Additional information can be found in the White House Fact Sheet [here](#).

Temporary Assistance for Needy Children and Families (TANF)

To address on-going challenges facing people with low incomes as a result of COVID-19, \$1 billion was provided for TANF through the Pandemic Emergency Assistance Fund (PEAF). States, territories, and tribes may use this funding to provide non-recurrent, short-term benefits. States have some flexibility in determining recipients – they may limit it to TANF families or focus on a larger group in need or to meet a specific need. For instance, TANF recipients can receive a small number of extra payments, or income-replacement funds could be provided for people who lost work as a result of the pandemic but are ineligible for other supports. Guidance from the Office of Family Assistance on PEAF can be found [here](#).

Food and Nutrition

The law extends a 15 percent increase in the Supplemental Nutrition Assistance Program (SNAP) benefit through end of September 2021. Additional aid for food assistance was provided to Puerto Rico, American Samoa, and the Northern Mariana Islands. In order to provide food assistance to students throughout the summer months and as the pandemic continues, the ARP provides more than \$5 billion for Pandemic EBT (P-EBT), and clarifies that Puerto Rico, American Samoa, and the Northern Mariana Islands are eligible.

The Women, Infants and Children (WIC) program received \$390 million to increase the cash value of the WIC benefit by as much as \$35 a month through September 2021. That funding also supports modernization of the program. More information on nutrition assistance from the USDA can be found [here](#).

Parents as Workers

Changes in the law to support parents as workers primarily focus on supplements to income or other financial support to address lost or disrupted income as a result of COVID-19. For instance, Federal Pandemic Unemployment Compensation, which adds \$300 to all unemployment benefits, was extended through September 6, 2021. In addition, each person was issued a \$1,400 direct payment. Families with children – particularly families with young children – additionally benefit from changes to the child tax credit. The ARP expanded the credit in 2021 from \$2,000 to \$3,000 for children over the age of 6 and \$3,600 for children under 6 and made the credit fully refundable. A fact sheet from the Treasury Department with more information can be found [here](#).

Education for Children and Parents

Nearly \$40 billion is provided in the ARP for students and colleges. Half of this funding is reserved for direct aid to college students, to help them meet child care, housing, food, or other needs that have arisen or been exacerbated by the pandemic. The remaining funding is available for colleges to defray costs or lost revenue as a result of the pandemic. Department of Education guidance on allowable uses of the funds, as well as information on how colleges can reach out to students who may be facing food insecurity and eligible for SNAP benefits is provided [here](#).

Health

The ARP lowers the overall cost of health coverage provided by the Affordable Care Act marketplace for enrollees. It also covers the cost of COBRA premiums through September 2021 for people who have lost work or had their hours reduced. More information can be found [here](#).

To encourage additional states to expand Medicaid amid the health crisis, the ARP provides additional federal funding for states that expand the program for the first two years of expansion. [One estimate](#) calculated that if all 14 states that have not yet expanded the program did so, about 4 million uninsured adults would benefit, 60 percent of them being people of color. There is also a state option to include 12 months of post-partum coverage for women on Medicaid.

Housing

The ARP includes several investments in programs that provide housing assistance. The largest investment is \$21.6 billion for emergency assistance for people who have lost income during the pandemic and are having difficulty paying for rent or utilities. To further assist with utility costs,

Congress included \$4.5 billion for the [Low-Income Home Energy Assistance Program \(LIHEAP\)](#) through September 2022, and \$500 million for water assistance through a new [Low-Income Household Drinking Water and Wastewater Emergency Assistance Program](#).

The ARP also includes \$5 billion in emergency housing vouchers to help transition high-need homeless and at-risk of being homeless families to stable housing. There are additional, separate funding streams available to address the housing needs of tribes (\$750 million), the territories (\$305 million to Puerto Rico, the U.S. Virgin Islands, Northern Mariana Islands, and American Samoa), and rural areas (\$100 million). More information from the Department of Housing and Urban Development is available [here](#).

Broadband Connectivity

The ARP provides \$7.1 billion for an Emergency Connectivity Fund to facilitate remote learning by defraying the cost of WiFi hotspots, modems, routers, and connected devices for schools and libraries. The FCC will [adopt rules](#) providing for the distribution of this funding.

Overall effect to promote economic recovery and mobility

Researchers from Columbia University's Center on Poverty & Social Policy [estimated the law](#) could reduce child poverty by 58 percent, affecting 5.7 million children. The ARP could decrease the overall poverty rate by 33 percent, with Hispanic people (43 percent decline in poverty), and African Americans (39 percent decline) seeing the greatest effects. An analysis from the Urban Institute produced similar estimates, expecting the law to [more than halve](#) child poverty. The Urban analysis, as well as others, note that some families may need support from multiple program areas in the ARP in order to economically recover from the pandemic.